

110TH CONGRESS
1ST SESSION

H. R. 1305

To amend the Energy Policy Act of 2005 to authorize discounted sales of royalty oil and gas taken in-kind from a Federal oil or gas lease to provide additional resources to Federal low-income energy assistance programs.

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 2007

Mr. UDALL of Colorado introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To amend the Energy Policy Act of 2005 to authorize discounted sales of royalty oil and gas taken in-kind from a Federal oil or gas lease to provide additional resources to Federal low-income energy assistance programs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Royalty In-Kind for
5 Energy Assistance Improvement Act of 2007”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds the following:

1 (1) As energy costs continue to rise, it is in-
2 creasingly difficult for our most vulnerable residents
3 to afford to heat and cool their homes.

4 (2) The Energy Information Administration re-
5 cently projected in its Short-term Energy Outlook
6 that on average, households heating primarily with
7 natural gas can expect to spend \$178 (24 percent)
8 more for fuel this winter than last winter.

9 (3) Heating costs as well as costs of cooling in
10 the summer are a concern. High summer electricity
11 usage due to hot temperatures can put households in
12 debt and at risk of disconnection.

13 (4) More than 13 million households in poverty
14 will spend an average of 25 percent of their entire
15 annual income this year on their energy bills just to
16 maintain their modest levels of usage.

17 (5) The need for additional low-income energy
18 assistance has never been greater. At current fund-
19 ing levels, the Low-Income Home Energy Assistance
20 Program (LIHEAP) serves less than 15 percent of
21 the eligible population.

22 (6) LIHEAP is a critically important program
23 because it ensures that low-income Americans don't
24 have to choose between heating or cooling their
25 homes and paying their medical bills or going with-

1 out food, which is a common practice in one of three
2 low-income families.

3 (7) Under authorities granted in the Mineral
4 Leasing Act (30 U.S.C. 182 et seq.) and the Outer
5 Continental Shelf Lands Act (43 U.S.C. 1331 et
6 seq.), the Secretary of the Interior may require Fed-
7 eral oil and gas lessees to satisfy their royalty pay-
8 ment obligation through “royalty in-kind” arrange-
9 ments under which they provide oil instead of mone-
10 tary value.

11 (8) Section 342(j) of the Energy Policy Act of
12 2005 (42 U.S.C. 15902(j)) was intended to provide
13 the Federal Government with an innovative tool, au-
14 thorizing the Secretary to grant preference to low-
15 income consumers when disposing of oil or natural
16 gas received by the Government under such an ar-
17 rangement.

18 (9) However, the Department of the Interior
19 has concluded that section 342(j) of the Energy Pol-
20 icy Act of 2005, as enacted, cannot be implemented
21 because of legal deficiencies in the subsection as en-
22 acted.

23 (b) PURPOSE.—The purpose of this Act is to amend
24 section 342(j) of the Energy Policy Act of 2005 (42

1 U.S.C. 15902(j)) to make it possible to assist low-income
 2 consumers of energy to meet their energy needs.

3 **SEC. 3. AUTHORIZATION OF DISCOUNTED SALES OF ROY-**
 4 **ALTY OIL AND GAS TAKEN IN-KIND FROM**
 5 **FEDERAL OIL OR GAS LEASE TO PROVIDE AD-**
 6 **DITIONAL RESOURCES TO LIHEAP.**

7 Section 342(j) of the Energy Policy Act of 2005 (42
 8 U.S.C. 15902(j)) is amended by redesignating paragraph
 9 (2) as paragraph (3), and by inserting after paragraph
 10 (1) the following:

11 “(3) DISCOUNTED SALES.—

12 “(A) AUTHORIZATION.—In granting a
 13 preference under paragraph (1), the Secretary
 14 may sell at a discounted price royalty oil or gas
 15 taken in-kind, in accordance with an agreement
 16 under this paragraph.

17 “(B) DISCOUNTED PRICE.—The dis-
 18 counted price of oil or gas sold under this para-
 19 graph shall be not less than 50 percent of the
 20 fair market value of the oil or gas.

21 “(C) AGREEMENT.—The Secretary shall
 22 require, as a condition of any sale to a person
 23 of oil or gas at a discounted price under this
 24 paragraph, that the person enter into an agree-
 25 ment with the Secretary under which the person

1 is obligated to provide additional resources for
2 a Federal low-income energy assistance pro-
3 gram that have a value that is not less than the
4 difference between—

5 “(i) the sum of the fair market value
6 of the purchased oil or gas, respectively;
7 and

8 “(ii) the sum of—

9 “(I) the amount paid by the per-
10 son for the oil or gas; and

11 “(II) the administrative costs in-
12 curred by the person in purchasing
13 the oil and complying with the agree-
14 ment.

15 “(D) COMPLIANCE WITH ANTI-DEFICIENCY
16 ACT.—Any sale of oil at a discounted price in
17 accordance with this paragraph is deemed to be
18 in compliance with section 1301(d) of title 31,
19 United States Code, popularly known as the
20 Anti-Deficiency Act.

21 “(E) REGULATIONS.—In implementing
22 this paragraph, the Secretary may issue rules,
23 and may enter into such agreements with any

- 1 Federal or State agency or other person, as the
- 2 Secretary considers appropriate.”.

